

# COMMITTEE REPORT

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## MR. PRESIDENT:

The Senate Committee on Finance, to which was referred Senate Bill No. 17, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1           Page 1, delete lines 11 through 17, begin a new paragraph and
- 2           insert:
- 3           **"Sec. 3. A qualified taxing unit may apply to the board for one**
- 4           **(1) or more loans from the counter-cyclical revenue and economic**
- 5           **stabilization fund. The board may make a loan from the fund to the**
- 6           **qualified taxing unit if:**
- 7                 **(1) a taxpayer with tangible property subject to taxation by**
- 8                 **the qualified taxing unit has filed a petition to reorganize**
- 9                 **under the federal bankruptcy code;**
- 10                **(2) the taxpayer has defaulted on one (1) or more of its**
- 11                **property tax payments;**
- 12                **(3) the qualified taxing unit has experienced and will continue**
- 13                **to experience a significant revenue shortfall as a result of the**
- 14                **default; and**
- 15                **(4) the taxpayer is a steel manufacturer.**
- 16           **Sec. 4. (a) The board shall determine the terms of a loan made**
- 17           **under this chapter. However, interest may not be charged on a**
- 18           **loan, and a loan must be repaid not later than ten (10) years after**
- 19           **the date on which the loan was made. The total amount of all the**
- 20           **loans made under this chapter may not exceed twenty-eight million**
- 21           **dollars (\$28,000,000). The board may disburse the proceeds of a**

1 loan in installments.

2 (b) A loan made under this chapter shall be repaid only from:

3 (1) property tax revenues of the qualified taxing unit that are  
4 subject to the levy limitations imposed by IC 6-1.1-18.5 or  
5 IC 6-1.1-19; or

6 (2) any other source of revenues (other than property taxes)  
7 that is legally available to the qualified taxing unit.

8 The payment of any installment of principal constitutes a first  
9 charge against the property tax revenues described in subdivision  
10 (1) that are collected by the qualified taxing unit during the  
11 calendar year the installment is due and payable.

12 (c) The obligation to repay a loan made under this chapter is not  
13 a basis for the qualified taxing unit to obtain an excessive tax levy  
14 under IC 6-1.1-18.5 or IC 6-1.1-19.

15 (d) Whenever the board receives a payment on a loan made  
16 under this chapter, the board shall deposit the amount paid in the  
17 counter-cyclical revenue and economic stabilization fund.

18 (e) This section does not prohibit a qualified taxing unit from  
19 repaying a loan made under this chapter before the date specified  
20 in subsection (a) if a taxpayer described in section 3 of this chapter  
21 resumes paying property taxes to the qualified taxing unit.

22 Sec. 5. (a) The maximum amount that the board may loan to a  
23 qualified taxing unit is determined under STEP FOUR of the  
24 following formula:

25 STEP ONE: Determine the amount of the taxpayer's property  
26 taxes due and payable in November 2001 that are attributable  
27 to the qualified taxing unit as determined by the department  
28 of local government finance.

29 STEP TWO: Multiply the STEP ONE amount by 1.031.

30 STEP THREE: Multiply the STEP TWO product by 2.

31 STEP FOUR: Add the STEP ONE amount to the STEP  
32 THREE product.

33 Sec. 6. (a) As used in this section, "delinquent tax" means any  
34 tax:

35 (1) owed by a taxpayer in a bankruptcy proceeding initially  
36 filed in 2001; and

37 (2) not paid during the calendar year in which it was first due  
38 and payable.

39 (b) Except as provided in subsection (d), the proceeds of a loan  
40 received by the qualified taxing unit under this chapter are not  
41 considered to be part of the ad valorem property tax levy actually  
42 collected by the qualified taxing unit for taxes first due and payable

1 during a particular calendar year for the purpose of calculating the  
 2 levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt  
 3 by a qualified taxing unit of any payment of delinquent tax owed  
 4 by a taxpayer in bankruptcy is considered to be part of the ad  
 5 valorem property tax levy actually collected by the qualified taxing  
 6 unit for taxes first due and payable during a particular calendar  
 7 year for the purpose of calculating the levy excess under  
 8 IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

9 (c) The proceeds of a loan made under this chapter must first be  
 10 used to retire any outstanding loans made by the department of  
 11 commerce to cover a qualified taxing unit's revenue shortfall  
 12 resulting from the taxpayer's default on property tax payments.  
 13 Any remaining proceeds of a loan made under this chapter and any  
 14 payment of delinquent taxes by the taxpayer may be expended by  
 15 the qualified taxing unit only to pay obligations of the qualified  
 16 taxing unit that have been incurred under appropriations for  
 17 operating expenses made by the qualified taxing unit and approved  
 18 by the department of local government finance.

19 (d) If the sum of the receipts of a qualified taxing unit that are  
 20 attributable to:

21 (1) the loan proceeds; and

22 (2) the payment of property taxes owed by a taxpayer in a  
 23 bankruptcy proceeding and payable in November 2001, May  
 24 2002, or November 2002;

25 exceeds the sum of the taxpayer's property tax liability attributable  
 26 to the qualified taxing unit for property taxes payable in November  
 27 2001, May 2002, and November 2002, the excess as received during  
 28 any calendar year or years shall be set aside and treated for the  
 29 calendar year when received as a levy excess subject to  
 30 IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of  
 31 property taxes as referred to in subdivision (2), the amount of  
 32 property tax credit finally allowed under IC 6-1.1-21-5 in respect  
 33 to those taxes is considered to be a payment of those property

- 1       **taxes."**
- 2       Delete pages 2 through 3.
- 3       Page 4, delete lines 1 through 2.  
(Reference is to SB 17 as introduced.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 11, Nays 0.

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**Senator Borst, Chairperson**